



State of Washington  
Department of Revenue

# Excise Tax Advisory

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Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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## LEASE FOR PURPOSES OF RELETTING

Issued July 22, 1966

Is the lease or purchase of tangible personal property exempt from Retail Sales Tax as a sale for resale where the property leased is used in rendering lodging services which are subject to Sales Tax?

The taxpayer leased a ship from its owner for use as a floating hotel. The taxpayer collected Sales Tax on all room rentals but no Sales Tax was paid on the lease of the boat. The taxpayer considered the leasing of the ship to be exempt from tax since the "resale" of the rooms in connection with furnishing lodging for hire was taxable.

The taxpayer as lessee acquired the ship to render the service of renting rooms. The ship was not resold or subleased in the same unit as originally leased. The leasing of the ship and the renting of rooms in the conduct of a hotel business constituted two separate taxing incidents. The Retail Sales Tax therefore applied to the lease of the ship as well as the rental of rooms.

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***ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.***

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